

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 - 0 2 6

2. STATE:

Arkansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

10-15-01

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR Part 447, Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 0

b. FFY 2003 \$ 642,380

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D

Page 2-2d, 2-2dd

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-D

Page 2-2d 01-05

Page 2-2dd New

10. SUBJECT OF AMENDMENT: The plan has been amended to establish an add-on payment for  
installing emergency generators in nursing facilities.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Ray Hanley

14. TITLE:

Director

15. DATE SUBMITTED:

8-24-01

16. RETURN TO:

Arkansas Division of Medical Services  
P. O. box 1437, Slot 1103  
Little Rock, AR 72203-1437

ATTN: Binnie Alberius

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

8-29-01

18. DATE APPROVED:

10/22/2001

## PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/15/2001

20. SIGNATURE OF REGIONAL OFFICIAL:

Calvin G. Cline

21. TYPED NAME:

Calvin G. Cline

22. TITLE: Associate Regional Administrator  
Division of Medicaid and State Operations

23. REMARKS:

\* Pen &amp; ink change per state's 9/6/01 request.

Adjustments to the aging index will be rounded to a whole percentage. Percentages greater than or equal to .5 will be rounded up. Percentages less than .5 will be rounded down. A facility wishing to do major renovation to their facility must submit a plan for renovation to the Department of Human Services for review and approval to facilitate an adjustment to the provider's aging index. The duration of the renovation plan cannot exceed a three-year period. The plan shall include a detailed description of the renovation to be done along with the cost of the renovation. The Department will determine if the proposed renovation meets the requirements for major renovation.

The Department will approve or disapprove the renovation project within thirty days of receipt. The provider will then submit a detailed description of the actual work performed and a statement of the actual cost of the renovation upon completion of the project. Renovations that were not completed in compliance with the plan for renovation will not be considered. The Department will notify the provider of the adjustment to the facility aging index as a result of the major renovation. Under no circumstances will the aging index be reduced to less than zero.

#### 6. Aging Index

Age of provider beds for purposes of calculating the aging index were taken from surveys provided by the Arkansas Health Care Association as prepared by providers. The provider is responsible for the accuracy of the information provided. The provider may at any time be required to provide records validating this information. The aging index is subject to adjustment based upon review or audit.

#### D. Quality Assurance Fee

Act 635 of 2001 established the levy of a quality assurance fee on nursing facilities. The reimbursement rate paid nursing facilities will include a Quality Assurance Fee component. The Quality Assurance Fee component will be reimbursed at the amount established as the multiplier as defined in Act 635 for the date of service billed.

#### E. Emergency Generators

Act 1602 of 2001 requires nursing facilities to own and maintain emergency generators. These provisions establish an add-on payment for installing emergency generators. This provision applies only to first time emergency generator installations made to comply with act

A	
STATE	Arkansas
DATE REC'D	08-29-01
DATE APP'D	10-22-01
DATE EFF	10-15-01
HCFA 179	AR-01-26

SUPERSEDES: TN- 01-05

SUPERSEDES: NONE - NEW PAGE

1602 of 2001. Facilities that have been constructed that do not meet the requirement of existing facility as defined in Act 1602, or facilities that have changed owners after the installation of emergency generators will not receive any add-on payment in addition to the facility's fair market rental payment. Add-on payments shall be made only for the periods that depreciation or lease expense for the cost of first time generator installations is allowable.

Facilities will be paid an add-on to their calculated per diems for installing emergency generators. The facility add-on will be calculated by dividing the sum of reported depreciation and interest expense or lease expense by the greater of the actual resident days or resident days calculated at the minimum occupancy levels identified in section A. 1. C. Fair Market Rental.

Applicable regulations for reporting depreciation and interest expense as detailed in this manual must be followed. Depreciation must be calculated assuming a useful life of ten years. Interest expense will only be allowable and included in the add-on for emergency generators for a period of five years. Interest expense and the associated debt instrument reimbursed under this provision will not be included in the fair market rental payment or any other component of the rate. Lease expense on emergency generator systems will only be allowable for a ten-year period.

## 2. Facility Payments – Interim Rates

An interim rate will be established at the beginning of each state fiscal year for each facility. The interim rate will be established by applying the inflation index to the actual per diem rate from the previous rate period. (For the period January 12, 2001 to June 30, 2001, an actual rate will be

A	
STATE	Arkansas
DATE REC'D	08-29-01
DATE APP'D	10-22-01
DATE EFF	10-15-01
HCFA 179	ARC-01-26